

**MINUTES OF THE MEEETING  
OF THE BOARD OF DIRECTORS OF  
THE DEPARTMENT OF WATERWORKS**

**Date: April 22, 2004**

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The Board of Directors (the "Board") of the Department of Waterworks (the "Department") met at 5:30 p.m. at 200 East Washington Street, Indianapolis, Indiana in the Public Assembly Room of the City-County Building. The following Board members were in attendance: S. Michael Hudson, Samuel L. Odle, Jack Bayt, Beulah Coughenour and Barbara Howard.

**I. Presentation of Certificate to Kobi M. Wright, former Special Counsel to the Board**

Chairperson Coughenour (the "Chair") presented a certificate recognizing Mr. Wright's service as counsel to the Board. The Chair called for a vote of the Board approving the presentation of the certificate. The Board unanimously approved the presentation of the certificate to Mr. Wright.

**II. Approval of the Minutes of the March 25, 2004 Meeting**

Chairperson Coughenour (the "Chair") asked for a motion to approve the minutes of the meeting of the Board as of March 25, 2004, as set forth in Exhibit A, attached hereto and made a part hereof (the "Minutes").

A motion was made and seconded for approval of the Minutes. The Board unanimously approved the Minutes.

**III. Financial Report of the Department**

Robert Erney, Financial Manager of the Department presented the report as set forth in Exhibit B, attached hereto and made a part hereof (the "Financial Report").

The Chair opened for discussion matters related to the Financial Report.

Mr. Bayt requested the names of Minority Business Enterprises ("MBE") and Women Business Enterprises ("WBE"). Mr. Erney stated that DLZ Indiana is the Department's engineering consultant and Shrewsbury & Associates conduct the Department's environmental oversight for water quality.

Mr. Odle inquired about the Income Statement loss in the financial report and whether the loss would be normalized during the course of the year. Mr. Erney indicated that the

loss was related to cash flow and a reflection of a bond interest paid on January 1, 2004 and the loss would be offset by revenues in subsequent months.

Mr. Hudson stated that the Board should consider all expenditures and receipts noted in the financial report in light of the capital investment made to upgrade the water system and to assure that the system operates efficiently.

The Chair requested any further questions from the Board related to the Financial Report. The Board did not have any further questions.

#### **IV. Veolia Water Indianapolis, LLC Report**

Tim Hewitt of Veolia Water Indianapolis, LLC ("VWI") issued his report as set forth in Exhibit C, attached hereto and made a part hereof ("VWI Report").

Mr. Odle inquired about the increased number of leaks. Mr. Hewitt indicated that the increased number was a result of better data collection. Mr. Hewitt stated that leaks are taken very seriously and would be repaired.

Mr. Odle inquired about fire hydrant maintenance and leaks. Mr. Hewitt indicated that the VWI Report indicated that the number of hydrants requests for repair is less than last year and represented a significant improvement. Mr. David Gadis of VWI indicated that testing in the summer and VWI's maintenance plan has reduced the number of repair requests.

Mr. Bayt inquired about VWI's union negotiation and whether or not a federal mediator had been appointed. Mr. Hewitt indicated that a mediator had been met with the Union and VWI on Friday, April 16, 2004 and Thursday, April 22, 2004. Mr. Hewitt noted that three (3) mediation sessions are scheduled for May 4-6, 2004. Mr. Bayt asked about status of any job actions or work interruptions. Mr. Hewitt indicated that the contract had been extended to May 6, 2004 and the negotiation sessions will not cause any disruptions.

The Vice Chairperson Barbara Howard (the "Vice Chair") and Chair commended VWI on its community service as reflected in its community service report.

The Chair requested any further questions from the Board related to the VWI Report. The Board did not have any further questions.

#### **V. Report of the Directors of Contracts and Operations of the Department**

Mr. Curry presented his report as set forth in Exhibit D, attached hereto and made a part hereof.

Mr. Hudson inquired about advertising for the disposal of Indianapolis Water Company antiquities. Mr. Curry indicated that the Department attempted to donate the antiquities to the historical society or library. Mr. Curry indicated that consideration would be given

to disposal of the antiquities to other interested parties for materials of no interest to traditional historical organizations.

The Chair asked who would be responsible for setting a time and place for disposal of the antiquities. Mr. Curry indicated that a time and place would be set by the Department in consultation with VWI.

Mr. Odle inquired whether law applicable to the disposal of such assets was being followed. Mr. Curry indicated that Mr. Wright had advised him that the process being followed was consistent with applicable law.

Mr. Odle asked whether any of the materials to be disposed were needed for defense of lawsuits filed against the Department. Mr. Curry indicated that the assets being disposed were not necessary for those lawsuits.

Mr. Bayt inquired about a sale of water to Lawrence Utilities and whether the Department's need on peak days during the summer would be considered prior to deciding to sell water to Lawrence Utilities. Mr. Curry indicated that such would be considered prior to agreeing to any sale to Lawrence Utilities. Mr. Curry indicated that in the future the Department may not have water in a sufficient quantity above and beyond the demands of Indianapolis Water customers to sell to non-Department customers without a water conservation plan. Mr. Curry indicated that at a future meeting a presentation could be given related to the future water resource demands and potential water sources.

Mr. Odle inquired about the Geist dredging agreement with Irving Materials. Mr. Curry indicated that the dredging contract is a revenue producer for the Department. In negotiating a renewal of the contract, Mr. Curry stated that consideration was given to increase the income to the Department, an accelerated payment schedule and an inflation adjustment over the eight-year renewal term. Mr. Curry indicated that details of the agreement would be described when the contract is brought for Board approval.

Mr. Odle asked about the Hazen & Sawyer Report ("Hazen Report") related to a possible sale of Department assets owned in Clay Township, Hamilton County to Carmel. Mr. Curry indicated that the Hazen Report was never designed to value a sale of the asset, but that the Hazen Report considered the costs to separate the Department system from the Carmel system including replacement costs.

Mr. Odle inquired about the bond issue and the amount of interest to be earned and the ability of the Department to keep that interest. Mr. Erney indicated that it is the goal of the Department to meet the requirements of the bond issue in order to avoid repayment of any arbitrage, a profit from the rate differential between the taxable and tax-exempt markets.

Mr. Odle asked about an area of Decatur Township, Marion County that is presently not served by the Department. Mr. Curry indicated, at this time, it was not economically



feasible for the residents of that area to be brought into the system. Help from a developer to offset the costs would permit the project to become more economically feasible. Mr. Curry indicated that such might occur within two years.

**VI. Resolution No. 15, 2004-Approval of an Appropriation of Additional Character 3 and Character 4 Funds of the 2004 Budget – Robert L. Erney, Financial Manager.**

Mr. Erney summarized the resolution.

Mr. Odle moved to adopt the resolution. The motion was seconded. Hearing no further discussion, the Chair called for a vote. The Board unanimously adopted the resolution.

**VII. Resolution No. 16, 2004-Approval of Incentive Payments for Calendar Year 2003 - Carlton E. Curry, Director of Contracts and Operations.**

Mr. Curry summarized the resolution.

A motion was made and seconded to adopt the resolution. The Board unanimously voted to adopt the resolution.

**VIII. Resolution No. 17, 2004-Approval of Capital Projects-Carlton E. Curry, Director of Contracts and Operations**

Mr. Curry summarized the resolution.

Mr. Hudson inquired about water supply projects including the Geist groundwater expansion and the South Wellfield reservoir. Mr. Curry indicated that the Geist groundwater expansion would increase that facility from a four (4) million gallon a day facility to an eight (8) million gallon a day facility. Mr. Curry indicated that an additional finished water reservoir was to be installed to double the present capacity. Mr. Odle asked if this increased the amount of water that could be supplied, Mr. Curry indicated that the Geist expansion would increase the amount of water available by four (4) million gallons per day.

Mr. Odle asked if the Capital Projects subject to this resolution would be completed by VWI and what percentage would be completed by a VWI internal workforce or outside contractors. Mr. Chuck Voltz, Veolia Water Indianapolis indicated that some projects would be completed by VWI and the remainder by outside contractors. Mr. Voltz indicated that it could be projected that about 10% of the bond projects would be completed internally and the remainder completed by outside contractors. Mr. Bayt inquired whether local contractors would be eligible to bid for the work. Mr. Voltz answered in the affirmative.

Mr. Bayt noted that this resolution approves a significant amount of capital projects to be completed and that he expects these to improve the water system.

A motion was made and seconded to adopt the resolution. The Board unanimously adopted the resolution.

**IX. Resolution No. 18, 2004-Approval of Department Capital Projects-Carlton E. Curry, Director of Contracts and Operations**

Mr. Curry summarized the resolution.

Mr. Odle asked if these were projects associated with the bond issuance. Mr. Curry answered in the affirmative.

A motion was made and seconded to adopt the resolution. The Board unanimously voted to adopt the resolution.

**X. Resolution No. 19, 2004-Approval of McCordsville Disconnection Agreement-Carlton E. Curry, Director of Contracts and Operations**

Mr. Curry summarized the resolution.

Mr. Hudson inquired about Department liability from McCordsville requests to disconnect water service. Mr. Andrew Klineman, Department General Counsel indicated that the agreement provided for Department protection from liability. Mr. Hudson asked that McCordsville be provided Department rationale for disconnection of service and how VWI handles such cases. Mr. Curry indicated the Department disconnection criteria was previously provided to McCordsville. Mr. Odle asked if the Department's criteria would be implemented or whether McCordsville would use its own criteria. Mr. Curry indicated that McCordsville intended to implement its own criteria and that the McCordsville's criteria is similar, but not exactly the same as the Department's disconnection criteria. Mr. Odle asked that the agreement be conditioned upon McCordsville agreeing to adhere to Department disconnection criteria. Mr. Erney indicated that McCordsville would request that the Department disconnect the customer. The Vice Chair asked if a McCordsville resident had the option of paying their water bill separate from the sewer bill. Mr. Erney answered in the affirmative.

Mr. Bayt asked if the McCordsville Town Council adopted the disconnection procedure to be followed by McCordsville. Mr. Curry indicated McCordsville represented that to the Department. Mr. Odle noted his desire that one disconnection criteria be applied to all Indianapolis Water customers. Mr. Curry noted the difficulty of enforcing a disconnection procedure or other procedure on elected government officials with jurisdiction over the enforcement of its sewer utility. Mr. Odle asked that such criteria be consistent. The Chair noted that the Department should not attempt to direct the governmental authority with jurisdiction of the McCordsville sewer system how to handle disconnection of water for non-payment of sewer fees.

Mr. Curry noted that McCordsville request is authorized by Indiana state statute. Mr. Bayt noted that the Department should not suffer for a water customer's failure to pay its sewer bill. Mr. Odle noted that this is a customer service issue and one standard be applied. Mr. Odle asked that the Department contact McCordsville and ask that they consider using the Department's disconnection policy. Mr. Curry noted he would contact McCordsville and review their disconnection procedure. Mr. Odle noted he would support the resolution upon the condition that McCordsville be contacted related to Department disconnection criteria.

A motion was made and seconded to adopt the resolution. The Board unanimously voted to adopt the resolution.

**XI. Resolution No. 20, 2004-Approval of Certain Bids for Capital Projects—  
Robert L. Erney, Financial Manager.**

Mr. Erney summarized the resolution.

A motion was made and seconded to adopt the resolution. The Board unanimously voted to adopt the resolution.

**XII. Other Business**

Mr. Bayt inquired about a water sample survey solicitation. Mr. Erney noted that the solicitation typically comes from a company that sells water softening equipment and not the Department.

Mr. Odle noted the need for the appointment to fill the vacant seat on the Board. The Chair noted that a letter should be sent to Dr. Borst to nominate an individual to fill the vacancy. Mr. Odle moved that a letter be sent from the Chair to Dr. Borst to expedite a nomination for appointment to fill the Board vacancy. The motion was seconded and unanimously approved.

Mr. Glenn Pratt noted the importance of Earth Day and the progress made since the first Earth Day, especially in water quality. He noted that the Department should act quickly to protect the water resource when environmental concerns arise. Mr. Pratt asked that the antiquities to be disposed of should be reviewed for water quality historical information that may be pertinent to the future. Mr. Pratt requested that the Board agenda and draft minutes be made available to the public on the web for review and comment. Mr. Pratt noted the Mayor's plan to expand the sewage treatment plant. Mr. Pratt asked that the Barrett law be reviewed in an attempt to expand areas not served by the Department. Mr. Pratt noted a recent lead contamination in Washington, D.C. The Chair indicated that public comments should be related to the official business of the Board meeting. The Chair expressed her appreciation of the environmental issues described and indicated that the Public Works Committee of the City-County Council might be the appropriate body to consider some of Mr. Pratt's concerns.

The meeting was adjourned at 6:55 p.m.

Approved this 3<sup>rd</sup> day of June 2004.



Beulah Coughenour, Chairperson

Attest:

S. Michael Hudson,  
Secretary-Treasurer